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In the Supreme Court of the United States

OCTOBER TERM, 1997

PRACTICE MANAGEMENT INFORMATION CORP.,
PETITIONER

v.

AMERICAN MEDICAL ASSOCIATION

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

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QUESTIONS PRESENTED

1. Whether an author's copyright in a reference work that uses codes to identify physicians' procedures is terminated when the government requires the copyrighted codes to be used in requests for reimbursement under government programs.

2. Whether a book of codes identifying physicians' procedures becomes an uncopyrightable "system" when the government requires its use in federal programs.

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BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

This brief is submitted in response to this Court's order inviting the Solicitor General to express the views of the United States.

STATEMENT

1. This case concerns the copyright to the fourth edition of *Current Procedural Terminology* (CPT), a reference work published by the American Medical Association (AMA), and the enforceability of that copyright. Pet. App. A2. The AMA is a non-profit corporation whose business includes publishing books used by medical professionals. The CPT classifies the types of procedures physicians perform on patients and assigns a unique code to each procedure. *Ibid.* Each of thousands of medical procedures is given a five-digit code. *Ibid.* The CPT lists the codes and the accompanying descriptions of medical procedures consecutively, and it includes an alphabetical index of medical procedures. *Ibid.* The initial edition

of the CPT was published with notice of copyright in 1966. Pet. App. E2. The AMA updates and alters the CPT on a yearly basis. *Id.* at E3. The AMA is the only publisher of the CPT, and is therefore the ultimate source of all non-infringing copies of the CPT. The AMA's current selling price for the CPT is $40 to $50, depending upon the edition selected. ER, vol. II, CR10 at 6.[1]

2. The Health Care Financing Administration of the Department of Health and Human Services (HCFA) administers financial reimbursement programs for Medicare and Medicaid. 42 Fed. Reg. 13,262 (1977). HCFA is required by statute to adopt a uniform coding system, known as the HCFA Common Procedure Reporting System, to be used in the various health care reimbursement, oversight, and other programs in which procedures performed by physicians are routinely reported to HCFA.[2] Pet. App. A3. HCFA concluded that the AMA's code would serve those purposes adequately, and it entered into an agreement in 1983 that gave HCFA a non-exclusive, royalty-free license to use the CPT codes and terminology as a part of its Common Procedure Reporting System. *Ibid.* See also SER 3-2, at 1.[3]

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[1] "ER" refers to the excerpts of record filed by PMIC in the court of appeals (9th Cir. No. 94-56774).

[2] 42 U.S.C. 1395w-4(c)(5). The Office of Management and Budget has also encouraged government agencies to make use of privately authored codes and standards in their regulations when possible, taking "into account the requirements of copyright and other similar restrictions" in its publication of these standards. See OMB Circular No. A-119, 58 Fed. Reg. 57,643, 57,645 (1993). HHS is currently authorized to adopt uniform codes "from among the code sets that have been developed by private and public entities" in various aspects of the federal health care system. 42 U.S.C. 1320d-2(c)(1) (Supp. II 1996).

[3] "SER" refers to the Supplemental Excerpts of Record filed by the AMA in the court of appeals (9th Cir. No. 94-56774).

HCFA agreed "not to use any other system of procedure nomenclature * * * for reporting physicians services," and to require the use of the CPT in programs administered by HCFA, whenever possible. Pet. App. A3. See also SER 3-2, at 1. The agreement also requires that HCFA include a notice of the AMA's copyright whenever it reproduces any portion of the CPT. Pet. App. E5. The agreement may be canceled by either party upon 90 days' notice. *Id.* at E15-E16. See also SER 3-2, at 4.

Use of the HCFA Common Procedure Reporting System has been mandated in a variety of federal programs.[4] A number of States have also adopted the CPT for use. California, for example, expressly incorporates the CPT into law for use in that State.[5]

3. Petitioner PMIC is a publisher of medical books. Pet. App. A4. For several years, it has purchased copies of the CPT from the AMA and resold them to its customers. *Ibid.*; *id.* at E6-E7. In 1994, PMIC and AMA disagreed about the amount PMIC should pay per copy of the CPT, as well as the quality of the version of the CPT provided by the AMA. *Id.* at A4, E6-E7. Thereafter, PMIC stated its intention "to publish its own reference material using the CPT coding system or modified versions of the CPT coding system in [its own] format with its own corrections." *Id.* at E7. PMIC then brought this action for a declaration that the AMA's copyrights on the CPT are invalid because the CPT was incorporated into law.

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[4] The district court opinion collects citations to the various federal statutes and regulations that require the CPT's use in Medicare, Medicaid, and the Federal Employees' Compensation Act. Pet. App. E4-E5.

[5] Cal. Code Regs. Tit. 22, § 51050 (1994) provides that "[the CPT] 1987, and subsequent editions, is herein incorporated by reference into these regulations." Tit. 1, § 20(e), provides that "[w]here a regulation * * * incorporates a document by reference * * * the document so incorporated shall be deemed to be a regulation subject to all provisions of the APA."

Ibid. In addition, PMIC argued that the AMA had violated federal antitrust laws, and thereby committed copyright misuse that rendered its copyright unenforceable, in requiring HCFA by contract to use only the CPT for reporting physicians' services. *Id.* at E19.

4. The district court granted summary judgment to the AMA on the issue of the validity of the CPT's copyright and enjoined the PMIC from publishing its own version of the CPT. Pet. App. E21. It held that the requirement that the CPT be used in federal programs did not mean that "such works have * * * themselves been enacted as law" (*id.* at E12), and that "destruction of the AMA's copyright in the CPT would amount to an unlawful taking of the AMA's property." *Id.* at E17-E18.

The district court also held that the licensing agreement "does not violate public policy and does not constitute copyright misuse." Pet. App. E21. The court noted that "[t]he Agreement is freely terminable upon 90 days written notice; the HCFA on its own initiative sought a single national medical code for use in Medicare and Medicaid reimbursements; and the AMA did not coerce the HCFA to choose one code over others or to accept the AMA's royalty-free license to use the CPT." *Ibid.*

5. The court of appeals affirmed in part and reversed in part. Pet. App. A1-A15, C1-C2. The court affirmed the district court's ruling that the AMA's copyright on the CPT has not terminated because "its contents are incorporated * * * in various statutes and regulations." *Id.* at E11. The court of appeals reasoned that the CPT is a privately authored document, and not a work authored by someone in his capacity as a public employee, and that due process concerns regarding public access to public law do not arise, at least in this context, because there is

neither actual nor threatened deprivation by the AMA of public access to the CPT. *Id.* at A5-A11.

The court of appeals reversed the lower court's holding on the claimed misuse of copyright. The court held that the AMA's "[c]onditioning the license [to use the CPT] on HCFA's promise not to use competitors' products constituted a misuse of the copyright by the AMA," Pet. App. A13, without regard to whether it constituted an antitrust violation, *id.* at A14.[6]

The court of appeals rejected the AMA's argument that the *Noerr-Pennington* doctrine, see pp. 18-19, *infra*, immunized its action. The court held that "because the AMA did not lobby HCFA to adopt the CPT, the AMA's First Amendment right to petition the government is not at stake." Pet. App. A14.[7]

6. Both PMIC and the AMA filed petitions for certiorari. In response to an inquiry from this Office, the Clerk of this Court informed us by letter on April 13, 1998, see 97-1567 Pet. for Reh'g Exh. 2a, that the Court's invitation for our views applies to the questions presented in both petitions. On June 26, 1998, the Court denied the AMA's petition for certiorari. 118 S. Ct. 2367. On July 17, the AMA filed a petition for rehearing of that denial.

DISCUSSION

The decision of the court of appeals does not create a conflict among the circuits. In our view, neither the petition filed by PMIC nor the petition filed by the

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[6] After the Ninth Circuit rendered its judgment, the AMA renounced its rights under the exclusivity clause. AMA C.A. Pet. for Reh'g 9 n.3.

[7] The court of appeals originally also stated that "[b]ecause [PMI] need not establish an antitrust violation [to make out a claim of copyright misuse], we need not consider the AMA's antitrust defenses." Pet. App. A14. The court later amended its opinion to omit that sentence. *Id.* at C2.

AMA presents any question warranting this Court's review.[8]

1. PMIC does not now dispute that the CPT was properly copyrighted when it was originally issued in 1966. PMIC contends that AMA's copyright was thereafter terminated when the federal government required medical professionals to use the CPT when seeking reimbursement under federal programs. Under PMIC's view, the CPT has now become law; the public has a right of access to the law; and, consequently, no private organization can hold a copyright on such "law." In support of its position, PMIC places primary reliance on *Banks* v. *Manchester*, 128 U.S. 244 (1888), which held that judicial decisions are not copyrightable.

a. *Banks* was an interpretation of the then-existing copyright statute. The *Banks* Court held that judicial opinions cannot be copyrighted because "[i]n no proper sense can the judge who, in his judicial capacity, prepares the opinion or decision * * * be regarded as their author or their proprietor, in the sense of [the copyright statute]." 128 U.S. at 253. Rather, the Court held that judges "can have no proprietorship [i.e. copyright], as against the public at large, in the fruits of their judicial labors." *Ibid.* Citing its prior decision in *Wheaton* v. *Peters*, 33 U.S. (8 Pet.) 59 (1834), the Court stated: "The whole work done by the judge constitutes the authentic exposition and interpretation of the law, which, binding every citizen, is free for publication to all, whether it is a declaration of unwritten law, or an interpretation of a constitution or statute." 128 U.S. at 253.

Banks has no application to the present case for two reasons. *Banks* addressed the copyright status of opinions written by judges to announce their

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[8] In accordance with the letter from the Office of the Clerk dated April 13, 1998, see 97-1567 Pet. for Reh'g Exh. 2a, we address both the PMIC and the AMA petitions in this brief.

decisions and reasoning in cases before them; it did not address any question regarding the copyright status of a work authored by a private entity. The incorporation by reference of the CPT into federal regulations does not alter the fact that its author was the AMA, which wrote it as a private organization and not in the course of public employment. Nothing in *Banks*, the copyright statute, or public policy mandates that a private organization may not be the author, for purposes of copyright law, of what it writes. See *Community for Creative Non-Violence* v. *Reid*, 490 U.S. 730, 737 (1989) ("As a general rule, the author is the party who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression entitled to copyright protection.").

Second, this Court's decision in *Banks* addressed the question whether a judicial opinion could receive copyright protection. This case by contrast concerns the termination of copyright protection for a work that was concededly entitled to such protection at the time it was written. Nothing in the Copyright Act—either at the time of *Banks* or at present—would permit a termination of copyright protection in these circumstances.[9] And, most assuredly, *Banks* in no way suggests that a judicial opinion upholding the validity of a copyright would, if it quoted the copy

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[9] The distinction between works created by the government and private works used by the government is embodied in 17 U.S.C. 105, which provides: "Copyright protection under this title is not available for any work of the United States Government, but the United States Government is not precluded from receiving and holding copyrights transferred to it by assignment, bequest, or otherwise." In 1976, the House Committee confirmed that "publication or other use by the Government of a private work would not affect its copyright protection in any way." H.R. Rep. No. 1476, 94th Cong., 2d Sess. 60 (1976).

righted work verbatim, thereby terminate the very copyright it sought to uphold.[10]

b. The court of appeals considered *Banks* to stand also for the proposition that there is a "due process requirement of free access to the law" that may be implicated in some cases in which private parties have enforceable copyrights. Pet. App. A7. Whether or not *Banks* decides this issue, we agree that due process requires that persons subject to the law have a right to reasonable access to its requirements. Because access to the CPT is indispensable to obtaining reimbursement to which a health care provider may be entitled under the law, due process may prohibit HCFA from requiring use of the CPT codes if reasonable public access to those codes is not available.

There is no suggestion in this case, however, that the AMA's copyright on the CPT has interfered with reasonable access to the requirements of the law. The AMA exclusively publishes and distributes the CPT, charging health care professionals $40 to $50 per copy. ER, vol. II, CR10 at 6. But due processs turns on whether the law is available to all those governed by it, not on the number of sources from which it is available. There is no contention that the AMA has refused to deal with anyone seeking to purchase the CPT or that the CPT is anywhere unavailable or difficult to obtain.

If the AMA arbitrarily refused to sell the CPT to some or all buyers, a problem of notice conceivably might arise, with attendant due process concerns for the administration of federal health care programs. There is no reason to suppose, however, that the government could not deal with such a problem adequately and promptly. The court of appeals sug-

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[10] No question is presented in this case concerning fair use (or alleged infringement) by others of the copyrighted work in the course of reproducing a public document, such as a judicial opinion, in which the copyrighted work is quoted verbatim.

gested solutions that might be employed if, for any reason, persons became unable to secure copies of the CPT from the AMA.[11] Because this case presents no problems of lack of access, however, the propriety and necessity of such remedies are not before the Court at this time.[12]

c. PMIC contends that both the court of appeals' decision in the present case and the Second Circuit's decision in *CCC Info. Servs., Inc.* v. *Maclean Hunter Mkt. Reports, Inc.*, 44 F.3d 61 (2d Cir. 1994), cert. denied, 516 U.S. 817 (1995), which involved a compilation of used car valuations that a State required to be used for insurance reimbursement purposes, conflict with the First Circuit's decision in *Building Officials & Code Admin.* v. *Code Tech, Inc.*, 628 F.2d 730 (1980) (*BOCA*). *BOCA* concerned a privately developed, copyrighted model building code, which the State of Massachusetts adopted (with additions, deletions, and revisions) in administrative regulations as the state building code and arranged for the private author of the code to publish and distribute. *Id.* at 731-732. The First Circuit vacated a preliminary

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[11] The court stated: "If the AMA were to [limit or forgo publication of the CPT] HCFA would no doubt exercise its right to terminate its agreement with the AMA. Other remedies would also be available, including 'fair use' and due process defenses for infringers * * * and, perhaps most relevant, mandatory licensing at a reasonable royalty could be required in light of the great public injury that would result if adequate access to the CPT were denied." Pet. App. A8.

[12] PMIC has asserted that it does not seek simply to distribute copies of the CPT to the public, but to publish its own version of the CPT coding system with its own "corrections." Pet App. E7. Depending on the nature and extent of the "corrections," such an action might violate AMA's exclusive right, as copyright owner, to prepare derivative works. See 17 U.S.C. 106(2). But PMIC cannot justify infringing the AMA's right to prepare derivative works by invoking a due process right of other persons to public notice of the content of the CPT, as written by the AMA and employed by HCFA.

injunction that prevented another company from publishing the Massachusetts code, holding that the private author had not demonstrated a likelihood of success on the merits. *Id.* at 736.

BOCA does not conflict with the Ninth and Second Circuit decisions. Initially, the First Circuit in *BOCA* did not reach a final conclusion regarding whether a copyright in a model code would terminate when the code is adopted as law. Although suggesting some arguments both in favor of terminating the private author's copyright in the model code, see *BOCA*, 628 F.2d at 733-734, and against that result, *id.* at 736, the First Circuit expressly declined to decide the ultimate issue, holding only "that [a] final judgment should await the more complete hearing on the merits." *Id.* at 732.[13] In the 18 years since *BOCA*, the First Circuit has not returned to the issue, and it has thus never squarely concluded that a copyright—even in circumstances similar to those in *BOCA*—would terminate.

More fundamentally, unlike the plaintiff in *BOCA*, PMIC does not seek merely to reproduce "an official copy," *BOCA*, 628 F.2d at 732, of the text of a statute that has been enacted into law or of regulations that have been duly promulgated. Instead, PMIC wants to

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[13] "While we do not rule finally on the question, we cannot say with any confidence that the same policies applicable to statutes and judicial opinions may not apply equally to regulations of this nature." *BOCA*, 628 F.2d at 735. The court explained that it was hesitant to reach a firm conclusion on whether copyrighted material adopted as law would retain copyright protection:

> In the lower court, the parties dealt but briefly with the matter, and the district court itself did not allude to it in its dictated opinion. The question is not only one of first impression but may be of importance in view of a possible trend towards state and federal adoption, either by means of incorporation by reference or otherwise of model codes.

Id. at 736.

reproduce the CPT, a privately produced and copyrighted work that is referred to in federal regulations. For that reason, even a holding that the plaintiff in *BOCA* could freely reproduce an official copy of the Massachusetts Code maintained in the State Secretary's office would not control the disposition of a case like this, in which the copyright owner has never permitted the copyrighted work itself to be reproduced as a federal statute or regulation.[14]

2. PMIC also claims (Pet. 25-30) that, in view of the government's requirement that health care professionals use the CPT to obtain reimbursement, the CPT is uncopyrightable because copyright protection does not extend to "any idea, procedure, process, *system*, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work." 17 U.S.C. 102(b) (emphasis added). PMIC argues that the court of appeals held that the CPT is a "system," but, contrary to Section 102(b), nevertheless upheld the AMA's copyright because "other systems are available or may be created." Pet. 29.

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[14] Indeed, *BOCA* involved the enactment of a model code that "carr[ied] sanctions of fine and imprisonment for violations." 628 F.2d at 734. Because of those criminal sanctions, *BOCA* implicated the full rigor of the requirement that criminal laws must "give the person of ordinary intelligence a reasonable opportunity to know what is prohibited, so that he may act accordingly." *Grayned* v. *City of Rockford*, 408 U.S. 104, 108-109 (1972). The requirements at issue here and in *CCC Information Services*—that the copyrighted work be used to obtain government reimbursement or measure insurance payments—are not backed up by any such sanctions and, unlike the model code in *BOCA*, they do not govern primary behavior. Accordingly, somewhat more relaxed requirements of public notice apply. Cf., *e.g.*, *Carpenter* v. *Pennsylvania*, 58 U.S. (17 How.) 456, 462 (1854) (ban on ex post facto laws does not apply to civil matters); *Burgess* v. *Salmon*, 97 U.S. 381, 385 (1888).

As used in Section 102(b), however, the term "system" has a particular connotation relating to fundamental principles of copyright law. See *Warren Publ'g, Inc.* v. *Microdos Data Corp.*, 115 F.3d 1509, 1517 n.22 (11th Cir.), cert. denied, 118 S. Ct. 397 (1997). Section 102(b)'s exclusion of "systems," etc., from copyright protection embodies the copyright law's "basic dichotomy between expression and idea." *Feist Publications, Inc.* v. *Rural Tel. Serv. Co.*, 499 U.S. 340, 356 (1991) (quoting H.R. Rep. No. 1476, 94th Cong., 2d Sess. 57 (1976); S. Rep. No. 473, 94th Cong. 1st Sess. 54 (1975)). Copyright protection extends only to the expression of an idea, not to the idea itself. *Baker* v. *Selden*, 101 U.S. 99 (1880).

The Ninth Circuit did not state or imply that the CPT is a "system" in the sense in which that term is used in Section 102(b), or that the court understood the AMA's copyright protection to extend to the *idea* of a system of codes, or to the ideas embodied in the CPT, rather than to the AMA's particular expression of those ideas. The mere fact that the Ninth Circuit referred to the CPT as a "system" in the ordinary sense, see, *e.g.*, Pet. App. A2, A11 n.8, did not amount to a holding that it is a "system" under Section 102(b) but nonetheless protectable by copyright.[15]

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[15] PMIC contends (Pet. 25-30) that there is a conflict in the circuits regarding whether Section 102(b) systems may be protected by copyright where alternative systems are available. No court, however, has held that "a system may be protected by copyright as long as other competitive systems are available." Pet. 26. In *Toro Co.* v. *R & R Prods. Co.*, 787 F.2d 1208, 1212 (8th Cir. 1986), the Eighth Circuit simply refused a "literal application of [Section 102(b)'s] language," that would lead to the conclusion that a work that in ordinary parlance could be termed a "parts numbering system" would necessarily be ineligible for copyright protection under Section 102(b). In *American Dental Ass'n* v. *Delta Dental Plans Ass'n*, 126 F.3d 977, 980-981 (7th Cir. 1997), the Seventh Circuit rejected the proposition that every "taxonomy" is a "system" under Section 102(b), and it held that the American Dental Association's *Code*

The CPT may indeed be essential to the operation of the government's medical reimbursement system. As the Seventh Circuit said of a similar code, however, the fact that the uses of a code include systems does not mean the code itself is a system. *American Dental Ass'n*, 126 F.3d 977, 980-981 (7th Cir. 1997). In the present case, the Ninth Circuit had no occasion to reach any general holding regarding the application of the term "system" in Section 102(b) to the CPT. Although one heading in PMIC's brief in the court of appeals referred to "System and Method of Operation," the text under that heading—less than half a page in total—argued only that the CPT is a "method of operation," not that it is a "system." PMIC C.A. Br. 21; PMIC C.A. Reply Br. 13 (contending that the AMA had "misunderstood PMIC's argument that the CPT is an uncopyrightable system under 17 U.S.C. § 102(b)."). Moreover, as the court of appeals indicated, Pet. App. A11 n.8, PMIC's argument was that government requirements postdating both creation and valid copyrighting of the CPT transformed it into an uncopyrightable "method of operation." The argument does not suggest that the CPT was uncopyrightable under Section 102(b) when it was created, or that it would be uncopyrightable under Section 102(b) absent governmental adoption.

Nor can the general rule that PMIC claims to find in the opinion—that the possibility of creating other systems is alone sufficient to remove a system from Section 102(b)—be detected in the court's brief footnote reference to Section 102(b). Pet. App. A11 n.8. The footnote to which PMIC directs its attack does not even refer to any argument that the CPT is a

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of Dental Procedures and Nomenclature—a work strikingly similar in character to the CPT—was not a Section 102(b) "system." Neither *Toro* nor *American Dental* can be read to hold that the possibility or availability of alternative systems alone renders Section 102(b) inapposite.

Section 102(b) "system," much less reach a holding on that point. Instead, the footnote recites that it is responding to PMIC's argument "that the CPT is an uncopyrightable industry standard or 'idea' under section 102(b) * * * *because HCFA mandates use of CPT codes in Medicaid applications.*" *Ibid.* (emphasis added). With respect to that argument, the court's holding was not that the possibility of developing an alternative would in all cases preclude a finding that a given work was non-copyrightable. Instead, its holding was that recognizing a copyright in the circumstances of this case "does not stifle independent creative expression in the industry." *Ibid.* Indeed, the court recognized that the precise scope of the copyright protection afforded the CPT was not before it, stating that while the AMA's copyright "prevents wholesale copying" of the CPT, it would not "prevent [PMIC] or the AMA's competitors from developing comparative or better coding systems and lobbying the federal government and private actors to adopt them." *Ibid.*[16]

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[16] In light of the posture of this case, which arose from PMIC's request for a declaratory judgment that the CPT itself is non-copyrightable, the Ninth Circuit had to go no further than to hold that "wholesale copying" of the CPT is impermissible. The CPT is a reference work containing code numbers, descriptions, guidelines, and definitions. See Pet. App. E2-E3. Even if PMIC were correct that the code numbers and definitions contained within the CPT constitute an uncopyrightable system, that would not alter the copyright ability of the work as a whole. Faced with a claim of infringement, or for a declaratory judgment of noninfringement, a court might appropriately analytically dissect the CPT and determine which elements are protected by the AMA's copyright and which are not. See, *e.g.*, *Apple Computer, Inc.* v. *Microsoft Corp.*, 35 F.3d 1435 (9th Cir. 1994), cert. denied, 513 U.S. 1184 (1995); *Computer Assoc. Int'l, Inc.* v. *Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992). But that is not the case that PMIC brought. Questions that may arise concerning fair use of particular elements also are not presented here.

PMIC's argument (Pet. 23-24) that the AMA's copyright is invalid under the doctrine of merger is also without merit. The doctrine of merger "is designed to prevent an author from monopolizing an idea merely by copyrighting a few expressions of it" when "the idea behind the expression is such that it can be expressed only in a very limited number of ways." *Toro Co.* v. *R & R Prods. Co.*, 787 F.2d 1208, 1212 (8th Cir. 1986). PMIC does not contend that idea and expression merged at the time the AMA received a copyright on the CPT; its argument is entirely that "[t]he idea and expression *of a law* necessarily merge." Pet. 24 (emphasis added). PMIC cites no authority for the proposition that a user's decision to use a copyright in a particular way (*e.g.*, a governmental entity's decision to incorporate the copyrighted material by reference in regulations) can create a merger and thus terminate a copyright that was originally valid.

3. The court of appeals held that the AMA misused its copyright on the CPT because of the contractual condition that required HCFA not to use any other system of nomenclature during the life of the licensing agreement. Regardless of the merits of that holding, the AMA has taken steps to purge itself of any possible misuse by renouncing the exclusivity clause, see note 6, *supra*, and the court's holding regarding misuse therefore may well have limited effects. Review of the misuse issues raised by the AMA in its petition in No. 97-1567 prior to a more definite indication of the ongoing consequences of the court of appeals' decision would be premature.

In any event, we do not believe that any of the issues presented by the petition in No. 97-1567 warrants review by this Court. The AMA does not assert that there is a conflict among the circuits with respect to the existence *vel non* of a copyright misuse defense. The Ninth Circuit's rulings re-

garding the copyright misuse doctrine neither raise important questions of federal law that require review by this Court at this time nor decide important federal questions that conflict with the relevant decisions of this Court.

a. The defense of copyright misuse was first applied by a court of appeals to bar an action for copyright infringement in *Lasercomb America, Inc.* v *Reynolds*, 911 F.2d 970 (4th Cir. 1990).[17] Since that time, two additional courts of appeals have recognized the defense—the Ninth Circuit in the opinion below and the Fifth Circuit in *DSC Communications Corp.* v. *DGI Techs, Inc.*, 81 F.3d 597 (1996). Other courts have reserved the question whether the defense of copyright misuse exists. See, *e.g.*, *Data General Corp.* v. *Grumman Sys. Support Corp.*, 36 F.3d 1147, 1169-1170 (1st Cir. 1994); *Reed-Union Corp.* v. *Turtle Wax, Inc.*, 77 F.3d 909, 913-914 (7th Cir. 1996). No court has categorically held that misuse of a copyright would have no effect on the copyright's enforceability.

In light of the limited development and relatively rare invocation of the copyright misuse defense in the courts of appeals, the issue of the doctrine's existence (and scope if it does exist) is not ripe for review by this Court. As Justice Frankfurter observed, review by this Court is generally not warranted before an issue has been fully considered by the lower courts: "It may be desirable to have different aspects of an issue further illuminated by the lower courts. Wise adjudication has its own time for ripening." *Maryland* v. *Baltimore Radio Show*, 338 U.S. 912, 918

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[17] See also *M. Witmark & Sons* v. *Jensen*, 80 F. Supp. 843 (D. Minn.), appeal dismissed, 177 F.2d 515 (8th Cir. 1948). Cf. *Broadcast Music, Inc.* v. *Columbia Broadcasting System*, 441 U.S. 1, 24 (1979) (reversing "copyright misuse judgment dependent upon" antitrust judgment, on the ground that the antitrust judgment was erroneous).

(1950). Future analysis by the lower courts, which may encounter the copyright misuse defense in a variety of factual contexts, will shed more light on whether a copyright misuse doctrine should be recognized and, if so, what its scope should be.

b. Because it would be premature for this Court to consider whether the defense of copyright misuse should be recognized at all, it is also unnecessary at this time for the Court to consider whether the defense should be limited to instances of antitrust violations. Moreover, we do not agree with the AMA that there is presently a conflict in the circuits on this issue. In the primary case relied upon by the AMA, *Saturday Evening Post Co.* v. *Rumbleseat Press, Inc.*, 816 F.2d 1191, 1200 (7th Cir. 1987), the Seventh Circuit "h[e]ld that a no-contest clause in a copyright licensing agreement is valid unless shown to violate antitrust law." The court did not hold that copyright misuse, if recognized as a defense to a copyright infringement action, would in all cases depend on proof of an antitrust violation. Although the other cases cited by the AMA (Pet. 19-20) discuss the competitive impact of various practices attacked as copyright misuse on the ground that they violated the antitrust laws,[18] none of them squarely holds that establishing copyright misuse would in all instances require proof that the copyright holder had violated the antitrust laws. Accordingly, none of these decisions conflicts with the Ninth Circuit's decision in this case.

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[18] See *BellSouth Adver. & Publ'g Corp.* v. *Donnelly Info. Publ'g, Inc.*, 933 F.2d 952, 961 (11th Cir. 1991), rev'd on other grounds, 999 F.2d 1436 (11th Cir. 1993) (en banc); *United Tel. Co.* v. *Johnson Publ'g Co.*, 855 F.2d 604, 611-612 (8th Cir. 1988); *Edward B. Marks Music Corp.* v. *Colorado Magnetics, Inc.*, 497 F.2d 285, 290-291 (10th Cir. 1974), cert. denied, 419 U.S. 1120 (1975).

c. Finally, the AMA asks this Court to grant its petition to review the question "whether obtaining a government contract with an anticompetitive restriction is conduct protected under the First Amendment." 97-1567 Pet. 24. The AMA argues that, under the *Noerr-Pennington* doctrine, the First Amendment proscribes withdrawal of copyright protection on the basis of a copyright misuse defense that is based on the terms in a contract with the government.

The *Noerr-Pennington* doctrine developed as a construction of the Sherman Act. See *Eastern R.R. Presidents Conference* v. *Noerr Motor Freight, Inc.*, 365 U.S. 127, 136-140 (1961); *United Mine Workers* v. *Pennington*, 381 U.S. 657 (1965); *FTC* v. *Superior Court Trial Lawyers Ass'n*, 493 U.S. 411, 424 (1990). Under the doctrine, "[c]oncerted efforts to restrain or monopolize trade by petitioning government officials are protected from antitrust liability." *Allied Tube & Conduit Corp.* v. *Indian Head, Inc.*, 486 U.S. 492, 499 (1988).

The court of appeals in this case did not adopt a "commercial or government contract exception" to the *Noerr-Pennington* doctrine, as the AMA claims. See 97-1567 Pet. 24. Instead, the court of appeals held that the AMA had failed to make out the key factual premise of the *Noerr-Pennington* doctrine—an attempt to petition the government. The court of appeals' entire discussion of the issue consists of a one-sentence response to the AMA's one-paragraph argument, stating that "[b]ecause the AMA did not lobby HCFA to adopt the CPT, the AMA's First Amendment right to petition the government is not at stake." Pet. App. A14. For that reason—and not because of any adoption of a "commercial exception"—the court refused to apply the *Noerr-Pennington* doctrine.

Even if mistaken, the court of appeals' fact-bound ruling that the AMA had not shown that it engaged

in any lobbying that could trigger the protection of the *Noerr-Pennington* doctrine would not warrant further review. In any event, the Ninth Circuit's conclusion was well-supported by the record; the AMA itself argued to the court that "it did not insist HCFA use only the CPT; rather, HCFA decided to use a single code to take advantage of natural efficiencies." Pet. App. A12. The agreement between HCFA and the AMA thus appears to have resulted wholly from the government's need for a code to utilize in processing health care reimbursement requests. There is no aspect of it that could reasonably be said to have involved petitioning the government—the right protected by *Noerr-Pennington*.[19]

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[19] For this reason, this case does not conflict with the Fifth Circuit's decision in *Greenwood Utils. Comm'n* v. *Mississippi Power Co.*, 751 F.2d 1484 (1985), as the AMA suggests. 97-1567 Pet. 25-27. In *Greenwood Utils.*, a power company attempted to convince Congress and the Southeastern Power Administration, a component of the Department of Energy, that marketing federal hydropower through existing facilities of their companies would be the best policy for the government to adopt. 751 F.2d at 1491. The Fifth Circuit stated that the utility's efforts to convince the government to adopt its suggested marketing policy were undoubtedly protected by the First Amendment under the *Noerr-Pennington* doctrine. *Id.* at 1498-1501. Because there was no such petitioning activity in this case, the Ninth Circuit's decision here does not conflict with the Fifth Circuit's decision in *Greenwood Utilities*.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari in No. 97-1254 should be denied and the petition for rehearing in No. 97-1567 should be denied.

Respectfully submitted.

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